

January 12, 2011

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Proposed amendment of 12 CFR 704.21

We, the Board of Directors of Perfect Circle Credit Union, make this comment to protest NCUA's attempt to compel non-federally insured credit unions to share the expense to the NCUSIF from losses incurred within the corporate credit union system.

It is clear that the federal law creating the TCCUSF, Section 217(d) of the Helping Families Save Their Homes Act of 2009 (S.896) intended assessments only be charged to federally insured credit unions. Losses sustained by the TCCUSF are no different than any other losses sustained by the NCUSIF which are statutorily not the responsibility of non-federally insured credit unions. Section 217(b)(2)(A) of the Helping Families Save Their Home Act of 2009 specifically states that prior to authorizing each payment, the Board shall certify that, absent the existence of the Stabilization Fund, the Board would have made the identical payments out of the National Credit Union Share Insurance Fund. Therefore, it is our Board's opinion that the NCUA is circumventing federal law and abusing its rulemaking powers. No agency is permitted to ignore the plain language of a statute when promulgating rules.

Privately insured credit unions are required to fully disclose their lack of federal insurance on member accounts. Given this, it is impossible to comprehend how non-federally insured credit unions could be required to pay for losses sustained by an agency of the United States government. Non-federally insured credit unions have no contractual or statutory obligation to pay such assessments to the NCUA.

The proposed amendment requires expulsion from membership from our corporate credit union should PCCU not voluntarily pay the assessment. This threat belies the voluntary nature purported and amounts to extortion – a word that we so sorely hate to use. But in light of the illegality of this amendment, we can find no other that fit the circumstances more appropriately.

We challenge the legality and appropriateness of the agency's proposed assessments and urge this amendment not be adopted.

Respectfully submitted,



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we believe in working together.